

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Haring Charter Township	County Wexford
Fiscal Year End 12/31/2007	Opinion Date 08/15/2008	Date Audit Report Submitted to State August 31, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 Letter; SAS 114 Letter	
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.		Telephone Number (231) 775-9789	
Street Address 134 W. Harris Street		City Cadillac	State MI
Zip 49601			
Authorizing CPA Signature 	Printed Name Steven C. Arends, C.P.A.		License Number 1101013211

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

DECEMBER 31, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

DECEMBER 31, 2007

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HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

DECEMBER 31, 2007

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Baird, Cotter and Bishop, P.C.

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PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

August 15, 2008

INDEPENDENT AUDITORS' REPORT

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan, as of December 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 21-23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Haring Charter Township, Wexford County, Cadillac, Michigan's basic financial statements. The individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Haring Charter Township board's discussion and analysis of the financial results for the fiscal year ended December 31, 2007.

Financial Highlights Section

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,988,622 . Of this amount, \$1,129,031 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$849,175, an increase of \$178,051 in comparison with the prior year.
- The Township's total debt decreased by \$ 23,261 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government, public safety, public works, cultural and recreation, debt service, and other functions. The Township does not have any business-type activities.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the Township's programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township were \$1,988,622 at December 31, 2007, meaning the Township's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in net assets over the year.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

**Haring Charter Township
Net Assets as of December 31,**

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets	<u>\$ 1,172,242</u>	<u>\$ 955,925</u>
Non Current Assets		
Capital Assets	2,238,926	2,234,730
Less: Accumulated Depreciation	<u>1,391,562</u>	<u>1,315,847</u>
 Total Non Current Assets	<u>847,364</u>	<u>918,883</u>
 Total Assets	<u><u>\$ 2,019,606</u></u>	<u><u>\$ 1,874,808</u></u>
 Liabilities		
Current Liabilities	<u>\$ 30,984</u>	<u>\$ 37,702</u>
 Net Assets		
Invest in Capital Assets -		
Net of Related Debt	847,364	895,622
Restricted for Specific Purpose	12,227	912
Unrestricted	<u>1,129,031</u>	<u>940,572</u>
 Total Net Assets	<u>1,988,622</u>	<u>1,837,106</u>
 Total Liabilities and Net Assets	<u><u>\$ 2,019,606</u></u>	<u><u>\$ 1,874,808</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment and other), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$1,129,031 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$151,516 in this year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Haring Charter Township
Change in Net Assets**

	<u>2007</u>	<u>2006</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 58,130	\$ 50,632
Operating Grants and Contributions	9,928	12,944
Capital Grants and Contributions	0	11,547
General Revenues		
Taxes	356,261	322,077
State Grants	200,506	203,039
Interest Earnings	34,028	33,389
Other	3,009	22,440
Total Revenues	<u>661,862</u>	<u>656,068</u>
<u>Expenses</u>		
Legislative	23,089	36,360
General Government	190,282	203,808
Public Safety	133,691	178,429
Public Works	80,190	57,477
Community and Economic Development	27,770	31,883
Other Functions	54,926	44,572
Debt Service	398	1,169
Total Expenses	<u>510,346</u>	<u>553,698</u>
Changes in Net Assets	151,516	102,370
<u>NET ASSETS</u> - Beginning of Year	<u>1,837,106</u>	<u>1,734,736</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$1,988,622</u></u>	<u><u>\$1,837,106</u></u>

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

Governmental Activities

During the fiscal year ended December 31, 2007, the Township's net assets increased by \$151,516 in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Haring Charter Township comes from property tax and state shared revenues. State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2007, the amount of state shared revenue received by the Township trended upward slightly.

The Township levied an operating millage this fiscal year in the amount of 2.00 mills for operating purposes.

The Township's governmental activities expenses are dominated by general governmental expenses that total 37.28% of total expenses. The Township spent \$190,282 in fiscal year 2007 on general governmental expenses. Public safety represented the next largest expense at \$133,691.

Business-Type Activities

The Township does not maintain any business-type activities.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Haring Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Haring Charter Township's governmental funds reported combined ending fund balances of \$849,175. Approximately 98.49% of this total amount (\$836,391) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures, such as capital outlay, that will enhance fire protection.

General Fund – The General Fund increased its fund balance by \$165,960, which brings the fund balance to \$802,574. Of the General Fund's fund balance, 100% is unreserved.

Fire Fund – The Fire Fund decreased its fund balance by \$(17,189), which brings the fund balance to \$521. This balance is reserved and must be used for fire protection.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

Liquor Law Enforcement Fund – The Liquor Law Enforcement Fund increased its fund balance by 11,315, which brings the fund balance to \$12,227. This balance is reserved and must be used for liquor law enforcement.

Utility Fund – The Utility Fund was established for the purpose of accumulating funds for the future construction of a waste water treatment facility. The fund balance increased by \$17,929 which brings the fund balance to \$33,817. The fund balance is unreserved.

Seneca Street Fund – This fund was established to collect special assessment levies used for road improvements.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of December 31, 2007, amounted to \$847,364 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Haring Charter Township
Capital Assets**

	<u>2007</u>	<u>2006</u>
Land	\$ 257,014	\$ 257,014
Buildings and Improvements	539,296	539,296
Machinery and Equipment	911,617	907,421
Furniture and Fixtures	14,619	14,619
Vehicles	<u>516,380</u>	<u>516,380</u>
	2,238,926	2,234,730
Less: Accumulated Depreciation	<u>1,391,562</u>	<u>1,315,847</u>
Net Capital Assets	<u><u>\$ 847,364</u></u>	<u><u>\$ 918,883</u></u>

Major capital asset additions during the current fiscal year included the following:

- The fire department purchased equipment at an approximate cost of \$4,196.

Long-Term Debt. As of December 31, 2007, the Township did not have any debt outstanding. More information on the Township's long-term debt is available in the Notes to Financial Statements.

CHARTER TOWNSHIP OF HARING, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2007

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2008 year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Charter Township of Haring at 515 Bell Avenue, Cadillac, Michigan 49601.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 849,818
Receivables	
Taxes	229,701
Special Assessments	1,911
External Party Receivable (Fiduciary Fund)	56,588
Due from Other Governments	34,224
	<hr/>
Total Current Assets	1,172,242
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	257,014
Buildings and Improvements	539,296
Machinery and Equipment	911,617
Furniture and Fixtures	14,619
Vehicles	516,380
	<hr/>
	2,238,926
Less Accumulated Depreciation	1,391,562
Net Capital Assets	847,364
	<hr/>
TOTAL ASSETS	\$ 2,019,606
	<hr/> <hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 18,228
Payroll Liabilities	12,756
	<hr/>
TOTAL LIABILITIES	30,984
	<hr/>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	847,364
Restricted for Liquor Law Enforcement	12,227
Unrestricted	1,129,031
	<hr/>
TOTAL NET ASSETS	1,988,622
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 2,019,606
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND
					CHANGES IN NET ASSETS
<hr/>					
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 23,089	\$ 0	\$ 0	\$ 0	\$ (23,089)
General Government	190,282	34,971	0	0	(155,311)
Public Safety	133,691	0	4,824	0	(128,867)
Public Works	80,190	18,000	5,104	0	(57,086)
Community and Economic Development	27,770	5,159	0	0	(22,611)
Other Functions	54,926	0	0	0	(54,926)
Debt Service	398	0	0	0	(398)
<hr/>					
Total Governmental Activities	\$ 510,346	\$ 58,130	\$ 9,928	\$ 0	(442,288)

GENERAL REVENUES

Taxes	356,261
State Grants	200,506
Interest Earnings	34,028
Other	3,009
Total General Revenues	<u>593,804</u>
Change in Net Assets	151,516
<u>NET ASSETS</u> - Beginning of Year	<u>1,837,106</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 1,988,622</u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2007

	GENERAL	FIRE PROTECTION	LIQUOR LAW ENFORCEMENT
<u>ASSETS</u>			
Cash	\$ 769,503	\$ 521	\$ 11,884
Special Assessment Receivable	0	0	0
Taxes Receivable	229,701	0	0
Due from Other Funds	95,334	0	417
Due from Other Governments	34,224	0	0
TOTAL ASSETS	<u>\$ 1,128,762</u>	<u>\$ 521</u>	<u>\$ 12,301</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 17,863	\$ 0	\$ 0
Payroll Liabilities	12,682	0	74
Due to Other Funds	3,560	0	0
Deferred Revenue	292,083	0	0
Total Liabilities	<u>326,188</u>	<u>0</u>	<u>74</u>
<u>FUND BALANCE</u>			
Reserved for:			
Fire Protection	0	521	0
Liquor Law Enforcement	0	0	12,227
Reserved for Road Improvements	0	0	0
Unreserved	802,574	0	0
Total Fund Balance	<u>802,574</u>	<u>521</u>	<u>12,227</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,128,762</u>	<u>\$ 521</u>	<u>\$ 12,301</u>

The accompanying notes are an integral part of the financial statements.

UTILITY	SENECA STREET	TOTALS
\$ 34,182	\$ 33,728	\$ 849,818
0	1,911	1,911
0	0	229,701
0	3,143	98,894
0	0	34,224
<u>\$ 34,182</u>	<u>\$ 38,782</u>	<u>\$ 1,214,548</u>

\$ 365	\$ 0	\$ 18,228
0	0	12,756
0	38,746	42,306
0	0	292,083
<u>365</u>	<u>38,746</u>	<u>365,373</u>

0	0	521
0	0	12,227
0	36	36
33,817	0	836,391
<u>33,817</u>	<u>36</u>	<u>849,175</u>

<u>\$ 34,182</u>	<u>\$ 38,782</u>	<u>\$ 1,214,548</u>
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The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total Fund Balances for Governmental Funds	\$ 849,175
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$ 257,014	
Buildings and Improvements	539,296	
Machinery and Equipment	911,617	
Furniture and Fixtures	14,619	
Vehicles	516,380	
Accumulated Depreciation	<u>(1,391,562)</u>	847,364

Current year property tax levy is deferred in governmental activities per Michigan Department of Treasury but reported as income in the Statement of Net Assets	<u>292,083</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,988,622</u></u>
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The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	GENERAL	FIRE PROTECTION	LIQUOR LAW ENFORCEMENT
<u>REVENUES</u>			
Taxes	\$ 334,568	\$ 0	\$ 0
Licenses and Permits	26,836	0	0
State Grants	205,610	0	3,674
Charges for Services	13,294	0	0
Interest and Rents	33,991	0	1
Other Revenues	3,264	0	0
Total Revenues	617,563	0	3,675
<u>EXPENDITURES</u>			
Legislative	23,089	0	0
General Government	179,222	0	0
Public Safety	70,920	0	3,360
Public Works	48,176	0	0
Community and Economic Development	27,770	0	0
Other Functions	54,926	0	0
Debt Service	0	23,689	0
Total Expenditures	404,103	23,689	3,360
Excess (Deficiency) of Revenues Over Expenditures	213,460	(23,689)	315
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	0	6,500	11,000
Transfers Out	(47,500)	0	0
Total Other Financing Sources (Uses)	(47,500)	6,500	11,000
Net Change in Fund Balance	165,960	(17,189)	11,315
<u>FUND BALANCE</u> - Beginning of Year	636,614	17,710	912
<u>FUND BALANCE</u> - End of Year	\$ 802,574	\$ 521	\$ 12,227

The accompanying notes are an integral part of the financial statements.

UTILITY	SENECA STREET	TOTALS
\$ 0	\$ 0	\$ 334,568
0	0	26,836
0	0	209,284
0	0	13,294
18,000	36	52,028
895	0	4,159
18,895	36	640,169
0	0	23,089
0	0	179,222
0	0	74,280
30,966	0	79,142
0	0	27,770
0	0	54,926
0	0	23,689
30,966	0	462,118
(12,071)	36	178,051
30,000	0	47,500
0	0	(47,500)
30,000	0	0
17,929	36	178,051
15,888	0	671,124
\$ 33,817	\$ 36	\$ 849,175

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2007

Net Change in Fund Balance - Total Governmental Funds	\$ 178,051
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(75,715)
Capital Outlay	4,196
Accrued interest on note payable is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.	
Accrued Interest Payable - Beginning of Year	30
Accrued Interest Payable - End of Year	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in property tax revenue deferred using the modified accrual method	21,693
Repayments of principal on long-term debt is an expenditure in the governmental fund, but not in the statement of activities (where it is a reduction of liabilities).	<u>23,261</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 151,516</u></u>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007

	AGENCY FUNDS
<u>ASSETS</u>	
Cash	\$ 422,764
	<hr/>
<u>LIABILITIES</u>	
Due to Other Governments	\$ 366,176
Due to Other Funds	56,588
	<hr/>
TOTAL LIABILITIES	422,764
<u>NET ASSETS</u>	<hr/> 0
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 422,764
	<hr/>

The accompanying notes are an integral part of the financial statements.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Haring Charter Township was incorporated in 1979 under the provisions of Public Act 359 of 1947, as amended, (Charter Township Act). The township operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Haring Charter Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

The *Liquor Law Enforcement Fund* accounts for revenue sources that are legally restricted to expenditure for liquor law enforcement.

The *Utility Fund* accounts for funds being set aside for future water and sewer expenditures and feasibility studies.

The *Seneca Street Special Assessment Fund* accounts for revenues and expenses that are used for specified purposes subsequently paid from special assessments.

Additionally Haring Charter Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The investment policy adopted by the Township states that the Township is limited to investments authorized by Public Act 20 of 1943 (MCL 129.91 et seq), as amended, or as shall be amended in the future, and may include the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Haring Charter Township Board at the Board's organizational meeting after each regular election of members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (ex Sess) PA7, MCL 124.501 to 124.512.
- (e) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.11 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes, two-thirds of county taxes, and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2006 taxable valuation of Haring Charter Township totaled \$134,954,898, on which ad valorem taxes levied consisted of 2 mills for Haring Charter Township operating purposes. This levy raised approximately \$269,903 for operating purposes.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>CAPITAL ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20 – 50
Machinery and Equipment	10
Furniture and Fixtures	5 – 10
Vehicles	5

Haring Charter Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning January 1, 2004, in accordance with the Township's capitalization policy.

5. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on November 14, 2006, or as amended by the Township board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township board exercises budgetary control over expenditures.

Encumbrance accounting is not employed in governmental funds.

B. Major funds with expenditures in excess of appropriations were as follows:

A budget was not adopted for the Seneca Street Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits and investments are on deposit with Chemical Bank, Cadillac, Michigan.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2007, \$953,583 of the Township's bank balance of \$1,253,583 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at the year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

B. Receivables

Receivables as of year end for the government's individual major funds are as follows:

	General	Seneca Street	Total
Receivables			
Taxes	\$ 229,701	\$ 0	\$ 229,701
Special Assessments Accounts	0	1,911	1,911
Due from Other Governments	34,224	0	34,224
Total	<u>\$ 263,925</u>	<u>\$ 1,911</u>	<u>\$ 265,836</u>

Delinquent assessment receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

	Deferred Revenue	
	Unavailable	Unearned
Property Taxes (General Fund)	\$ 292,083	\$ 0

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 257,014	\$ 0	\$ 0	\$ 257,014
Capital assets, being depreciated				
Buildings and Improvements	539,296	0	0	539,296
Machinery and Equipment	907,421	4,196	0	911,617
Furniture and Fixtures	14,619	0	0	14,619
Vehicles	516,380	0	0	516,380
Total capital assets, being depreciated	1,977,716	4,196	0	1,981,912
Less accumulated depreciation for:				
Buildings and Improvements	175,878	9,818	0	185,696
Machinery and Equipment	611,062	64,946	0	676,008
Furniture and Fixtures	13,277	751	0	14,028
Vehicles	515,630	200	0	515,830
Total accumulated depreciation	1,315,847	75,715	0	1,391,562
Total capital assets, being depreciated, net	661,869	(71,519)	0	590,350
Governmental activities capital assets, net	\$ 918,883	\$ (71,519)	\$ 0	\$ 847,364

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 11,060
Public Safety	63,607
Public Works	1,048
Total depreciation expense - governmental activities	<u>\$ 75,715</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at December 31, 2007, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 95,334	\$ 3,560
Liquor Law Enforcement	417	0
Senaca Street Fund	3,143	38,746
Current Tax Collection Fund	0	56,588
	<u>\$ 98,894</u>	<u>\$ 98,894</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at December 31, 2007, are expected to be repaid within one year.

Interfund Transfers as of December 31, 2007, were:

	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ 0	\$ 47,500
Fire Protection Fund	6,500	0
Liquor Law Enforcement Fund	11,000	0
Utility Fund	30,000	0
	<u>\$ 47,500</u>	<u>\$ 47,500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Debt

The following is a summary of the long-term debt transactions of the Township for the year ended December 31, 2007:

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

	<u>INSTALLMENT NOTE</u>
Long-Term Debt Payable at January 1, 2007	\$ 23,261
Long-Term Debt Issued	0
Long-Term Debt Retired	<u>(23,261)</u>
 LONG-TERM DEBT PAYABLE AT DECEMBER 31, 2007	 <u>\$ 0</u>
 Amount due within one year	 <u><u>\$ 0</u></u>

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds which are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

Fire Protection Fund

Fire Protection \$ 521

Liquor Law Enforcement Fund

Liquor Law Enforcement 12,227

Seneca Street Special Assessment Fund

Road Improvements 36

TOTAL FUND BALANCE NET ASSETS RESERVES \$ 12,784

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

B. Retirement Plan

The Township has a defined contribution pension plan with Gleaners Life Insurance Society which covers all employees except for volunteer firemen and seasonal employees. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 21 and is ineligible at age 73. An employee's normal retirement date is age 65 except for those age 56 and over at entry who will retire after 10 years of participation in the plan or at the plan anniversary nearest age 75 if sooner.

Township contributions to the plan for 2007 amounted to \$5,670 including administration fees of \$190. Total covered payroll amounted to \$82,911 and total wages including non-covered payroll was \$196,205.

C. Water Distribution System Improvements

During 1995, the Township of Haring requested that the Wexford County Department of Public Works construct a water tower and install new water mains and distribution lines to service existing and new service areas. The improvements would connect the Township's two water systems into one complete system. In order to accomplish these improvements, it was necessary for the complete system to be owned, operated and maintained by one entity and Act No. 185 of the Public Acts of Michigan of 1957 (an Act establishing the County Department of Public Works) required that the Wexford County Department of Public Works own the complete system to provide the financing of the improvements.

To accomplish the improvements, the Township, on September 11, 1995, conveyed to the County all of its rights, title and interest in the existing systems and future improvements. Upon repayment in full of any indebtedness for the improvements and any indebtedness on any other portion of the complete system, and upon payment to the County of any amounts owed it, the County shall, upon the Township's written request, convey the complete system back to the Township.

As of December 31, 2007, all improvements to the system have been completed, and the two separate water systems have been physically connected. Detailed financial information concerning the Township's water system is provided in the Wexford County Comprehensive Annual Financial Report.

D. Due from Other Governments

Amounts due from other governments consist of \$34,224 in state-shared revenues.

E. Sale of Future Revenues

For several years, the Township has sold its rights to delinquent real property tax revenues and related late payment penalties to Isabella County. For the 2006 tax roll the Township received a lump sum payment of \$24,808 for general operating tax. This amount represents 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the Township will have to repay the county.

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	GENERAL FUND			FIRE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Taxes	\$ 330,294	\$ 330,294	\$ 334,568	\$ 0	\$ 0	\$ 0
Licenses and Permits	40,220	40,220	26,836	0	0	0
State Grants	206,000	206,000	205,610	0	0	0
Charges for Services	15,000	15,000	13,294	0	0	0
Interest and Rents	33,000	33,000	33,991	0	0	0
Other Revenues	8,200	8,200	3,264	0	0	0
Total Revenues	632,714	632,714	617,563	0	0	0
<u>EXPENDITURES</u>						
Legislative	40,360	31,360	23,089	0	0	0
General Government						
Supervisor	20,309	20,309	19,847	0	0	0
Elections	3,800	3,800	1,675	0	0	0
Assessor	49,100	49,100	41,101	0	0	0
Attorney	35,000	35,000	3,347	0	0	0
Clerk	28,453	28,453	25,835	0	0	0
Board of Review	2,400	2,400	1,286	0	0	0
Treasurer	39,393	39,393	37,158	0	0	0
Building and Grounds	51,500	60,500	44,326	0	0	0
Cemetery	15,000	15,000	4,647	0	0	0
Public Safety						
Liquor Law Enforcement	0	0	0	0	0	0
Fire Department	113,085	113,085	70,920	0	0	0
Public Works	60,000	52,786	48,176	0	0	0
Community and Economic Development	43,973	43,973	27,770	0	0	0
Culture and Recreation	0	0	0	0	0	0
Other Functions	97,800	121,014	54,926	0	0	0
Debt Service	0	0	0	23,736	23,736	23,689
Contingency	0	0	0	0	0	0
Total Expenditures	600,173	616,173	404,103	23,736	23,736	23,689
Excess (Deficiency) of Revenues Over Expenditures	32,541	16,541	213,460	(23,736)	(23,736)	(23,689)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	0	0	0	0	0	6,500
Transfers Out	0	0	(47,500)	0	0	0
Total Other Financing Sources (Uses)	0	0	(47,500)	0	0	6,500
Net Change in Fund Balance	32,541	16,541	165,960	(23,736)	(23,736)	(17,189)
<u>FUND BALANCE</u> - Beginning of Year	636,614	636,614	636,614	17,710	17,710	17,710
<u>FUND BALANCE</u> - End of Year (Deficit)	\$ 669,155	\$ 653,155	\$ 802,574	\$ (6,026)	\$ (6,026)	\$ 521

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

LIQUOR LAW ENFORCEMENT FUND

<u>ORIGINAL</u>	<u>FINAL</u>	
<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
\$ 0	\$ 0	\$ 0
0	0	0
3,592	3,592	3,674
0	0	0
0	0	1
0	0	0
<hr/>		
3,592	3,592	3,675
<hr/>		
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
3,554	3,554	3,360
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
<hr/>		
3,554	3,554	3,360
<hr/>		
38	38	315
<hr/>		
0	0	11,000
0	0	0
<hr/>		
0	0	11,000
<hr/>		
38	38	11,315
912	912	912
<hr/>		
\$ 950	\$ 950	\$ 12,227
<hr/>		

HARING CHARTER TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2007

	UTILITY FUND			SENECA STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	0	0	0	0	0
State Grants	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Interest and Rents	18,000	18,000	18,000	0	0	36
Other Revenues	0	0	895	0	0	0
Total Revenues	18,000	18,000	18,895	0	0	36
<u>EXPENDITURES</u>						
Legislative	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0
Public Works	68,000	68,000	30,966	0	0	0
Other Functions	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Contingency	0	0	0	0	0	0
Total Expenditures	68,000	68,000	30,966	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	(50,000)	(50,000)	(12,071)	0	0	36
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	50,000	50,000	30,000	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	50,000	50,000	30,000	0	0	0
Net Change in Fund Balance	0	0	17,929	0	0	36
<u>FUND BALANCE</u> - Beginning of Year	15,888	15,888	15,888	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 15,888	\$ 15,888	\$ 33,817	\$ 0	\$ 0	\$ 36

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 769,503	\$ 600,724
Accounts Receivable	0	1,678
Taxes Receivable	229,701	186,699
Due from Other Funds	95,334	97,673
Due from Other Governments	34,224	34,452
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,128,762	\$ 921,226
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 17,863	\$ 680
Payroll Liabilities	12,682	9,920
Due to Other Funds	3,560	3,622
Deferred Revenue	292,083	270,390
	<hr/>	<hr/>
Total Liabilities	326,188	284,612
<u>FUND BALANCE</u>		
Unreserved	802,574	636,614
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,128,762	\$ 921,226
	<hr/>	<hr/>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 330,294	\$ 334,568	\$ 294,560
Licenses and Permits	40,220	26,836	27,854
Federal Grants	0	0	11,547
State Grants	206,000	205,610	208,160
Charges for Services	15,000	13,294	12,662
Interest and Rents	33,000	33,991	33,236
Other Revenues	8,200	3,264	22,080
Total Revenues	632,714	617,563	610,099
<u>EXPENDITURES</u>			
Legislative			
Township Board	31,360	23,089	36,360
General Government			
Supervisor	20,309	19,847	18,287
Election	3,800	1,675	16,398
Assessor	49,100	41,101	48,112
Attorney	35,000	3,347	20,820
Clerk	28,453	25,835	26,787
Board of Review	2,400	1,286	1,330
Treasurer	39,393	37,158	36,383
Building and Grounds	60,500	44,326	33,953
Cemetery	15,000	4,647	4,691
Public Safety	113,085	70,920	73,886
Public Works	52,786	48,176	70,603
Community and Economic Development	43,973	27,770	31,883
Other Functions	121,014	54,926	44,572
Total Expenditures	616,173	404,103	464,065
Excess (Deficiency) of Revenues Over Expenditures	16,541	213,460	146,034

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Fire Protection Fund	0	(6,500)	(40,000)
Improvement Revolving Fund	0	0	3,528
Utility Fund	0	(30,000)	(50,000)
Liquor Law Enforcement Fund	0	(11,000)	0
Seneca Special Assessment Fund	0	0	(693)
Total Other Financing Sources (Uses)	0	(47,500)	(87,165)
Net Changes in Fund Balance	16,541	165,960	58,869
<u>FUND BALANCE</u> - Beginning of Year	636,614	636,614	577,745
<u>FUND BALANCE</u> - End of Year	<u>\$ 653,155</u>	<u>\$ 802,574</u>	<u>\$ 636,614</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
YEAR ENDED DECEMBER 31, 2007

TAXES

Property Taxes	\$ 269,903	
Industrial Facilities Tax	488	
Interest and Penalties on Delinquent Taxes	5,175	
Payments in Lieu of Taxes		
Swamp Tax	5,744	
Commercial Forest Reserve	3	
Property Tax Administration Fee	53,255	
Total Taxes		\$ 334,568

LICENSES AND PERMITS

Nonbusiness Licenses	5,159	
Cable TV Franchise Fees	21,677	
Total Licenses and Permits		26,836

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	200,506	
Telecommunications Right of Way	5,104	
Total State Grants		205,610

CHARGES FOR SERVICES

Summer Tax Collection Fee	9,195	
Dog License Fees	18	
Grave Openings	4,081	
Total Charges for Services		13,294

INTEREST AND RENTS

Interest Earnings		33,991
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OTHER REVENUES

Refunds	586	
Donations	1,150	
Miscellaneous	1,528	
Total Other Revenues		3,264
Total Revenues		\$ 617,563

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2007

LEGISLATIVE

Township Board

Personal Services	\$ 7,300	
Supplies	20	
Other Services and Charges	<u>15,769</u>	

Total Legislative		\$ 23,089
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GENERAL GOVERNMENT

Supervisor

Personal Services	\$ 19,359	
Supplies	82	
Other Services and Charges	<u>406</u>	19,847

Elections

Personal Services	1,395	
Supplies	271	
Other Services and Charges	<u>9</u>	1,675

Assessor

Personal Services	38,608	
Supplies	<u>2,493</u>	41,101

Attorney

Other Services and Charges		3,347
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Clerk

Personal Services	25,558	
Supplies	219	
Other Services and Charges	<u>58</u>	25,835

Board of Review

Personal Services	1,170	
Other Services and Charges	<u>116</u>	1,286

Treasurer

Personal Services	26,303	
Supplies	2,053	
Other Services and Charges	<u>8,802</u>	37,158

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2007

Building and Grounds			
Personal Services	13,010		
Supplies	742		
Other Services and Charges	30,539		
Capital Outlay	<u>35</u>	44,326	
Cemetery			
Supplies	8		
Other Services and Charges	<u>4,639</u>	<u>4,647</u>	
Total General Government			179,222
<u>PUBLIC SAFETY</u>			
Fire Protection			
Personal Services		37,465	
Supplies		6,726	
Other Services and Charges		15,351	
Capital Outlay		<u>11,378</u>	
Total Public Safety			70,920
<u>PUBLIC WORKS</u>			
Highways, Streets and Bridges			
Other Services and Charges		2,500	
Street Lighting			
Other Services and Charges		6,867	
Water and Sewer			
Other Services and Charges		<u>38,809</u>	
Total Public Works			48,176
<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>			
Planning and Zoning			
Personal Services	22,503		
Supplies	1,126		
Other Services and Charges	3,028		
Capital Outlay	<u>700</u>	27,357	
Land Division Administration			
Personal Services		<u>413</u>	
Total Community and Economic Development			27,770

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2007

OTHER FUNCTIONS

Insurance and Bonds		24,361	
Employee Benefits			
Pension Contribution	5,670		
Medicare and Social Security	14,771		
Worker's Compensation	6,853		
Unemployment	<u>601</u>	27,895	
Tax Tribunal Refunds Ordered		<u>2,670</u>	
Total Other Functions			<u>54,926</u>
Total Expenditures			404,103

OTHER FINANCING USES

Transfers Out			
Fire Protection Fund		6,500	
Liquor Law Enforcement Fund		11,000	
Utility Fund		<u>30,000</u>	
Total Other Financing Uses			<u>47,500</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES			<u>\$ 451,603</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE PROTECTION FUND
COMPARATIVE BALANCE SHEET

DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	<u>\$ 521</u>	<u>\$ 17,710</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Fire Protection	<u>521</u>	<u>17,710</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 521</u>	<u>\$ 17,710</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

FIRE PROTECTION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 0	\$ 1
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Debt Service			
Principal	23,736	23,261	22,538
Interest	0	428	1,198
Total Expenditures	23,736	23,689	23,736
Excess (Deficiency) of Revenues			
Over Expenditures	(23,736)	(23,689)	(23,735)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	0	6,500	40,000
Net Change in Fund Balance	(23,736)	(17,189)	16,265
<u>FUND BALANCE</u> - Beginning of Year	17,710	17,710	1,445
<u>FUND BALANCE</u> - End of Year (Deficit)	\$ (6,026)	\$ 521	\$ 17,710

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 11,884	\$ 433
Due from General Fund	417	479
TOTAL ASSETS	<u>\$ 12,301</u>	<u>\$ 912</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Payroll Liabilities	\$ 74	\$ 0
<u>FUND BALANCE</u>		
Reserved for Liquor Law Enforcement	<u>12,227</u>	<u>912</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,301</u>	<u>\$ 912</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Liquor Licenses Fees	\$ 3,592	\$ 3,674	\$ 3,523
Interest and Rents			
Interest Earnings	0	1	6
Total Revenues	3,592	3,675	3,529
<u>EXPENDITURES</u>			
Public Safety			
Law Enforcement			
Personal Services			
Salaries and Wages	3,554	3,121	3,121
Social Security and Pension	0	239	232
Other Services and Charges			
Administrative Fee	0	0	200
Total Expenditures	3,554	3,360	3,553
Excess (Deficiency) of Revenues Over Expenditures	38	315	(24)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	0	11,000	0
Net Change in Fund Balance	38	11,315	(24)
<u>FUND BALANCE</u> - Beginning of Year	912	912	936
<u>FUND BALANCE</u> - End of Year	\$ 950	\$ 12,227	\$ 912

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

UTILITY FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 34,182	\$ 10,923
Accounts Receivable	0	8,776
TOTAL ASSETS	<u>\$ 34,182</u>	<u>\$ 19,699</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 365	\$ 3,811
<u>FUND BALANCE</u>		
Unreserved	<u>33,817</u>	<u>15,888</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 34,182</u>	<u>\$ 19,699</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

UTILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Rents	\$ 18,000	\$ 18,000	\$ 6,000
Other Revenue			
Refunds and Reimbursements	0	895	8,776
Total Revenues	18,000	18,895	14,776
<u>EXPENDITURES</u>			
Public Works			
Sewer System			
Other Services and Charges			
Professional Services	48,000	16,188	5,516
Contracted Services	20,000	14,778	43,372
Total Expenditures	68,000	30,966	48,888
Excess (Deficiency) of Revenues Over Expenditures	(50,000)	(12,071)	(34,112)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	50,000	30,000	50,000
Net Change in Fund Balance	0	17,929	15,888
<u>FUND BALANCE</u> - Beginning of Year	15,888	15,888	0
<u>FUND BALANCE</u> - End of Year	<u>\$ 15,888</u>	<u>\$ 33,817</u>	<u>\$ 15,888</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 33,728	\$ 30,896
Special Assessments Receivable	1,911	4,707
Due from Other Funds	<u>3,143</u>	<u>3,143</u>
 Total Assets	 <u>\$ 38,782</u>	 <u>\$ 38,746</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to General Fund	\$ 38,746	\$ 38,746
 <u>FUND BALANCE</u>		
Reserved for Road Improvements	<u>36</u>	<u>0</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 38,782</u>	 <u>\$ 38,746</u>

HARING CHARTER TOWNSHIP, WEXFORD COUNTY
CADILLAC, MICHIGAN

SENECA STREET SPECIAL ASSESSMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Interest and Rents		
Interest Earnings	\$ 36	\$ 146
<u>EXPENDITURES</u>		
Public Works		
Highways, Streets and Bridges		
Miscellaneous	<u>0</u>	<u>839</u>
Excess (Deficiency) of Revenues		
Over Expenditures	36	(693)
<u>OTHER FINANCING SOURCES</u>		
Transfer In		
General Fund	<u>0</u>	<u>693</u>
Net Change in Fund Balance	36	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 36</u>	<u>\$ 0</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

August 15, 2008

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township, Wexford County, Cadillac, Michigan as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Haring Charter Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

3) Lack of Adequate Controls over Journal Entries

The Township lacks internal controls over journal entries made to the general ledger. The *Accounting Procedures Manual for Local Units of Government in Michigan* requires the following controls to be implemented over journal entries:

1. A formal record must be created of all journal entries including the supporting reasons and documentation for the adjustment.
2. A procedure must be created to ensure that all journal entries made are included in the permanent record, such as through the use of printed sequentially numbered journal vouchers.
3. Journal entries (or vouchers) should be sequentially numbered by year (i.e. 99-1, 99-2, etc.)
4. Each journal entry should have an independent review by someone not involved with maintaining the general ledger.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiencies described above are material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

August 15, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Township Board
Haring Charter Township
Wexford County
Cadillac, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haring Charter Township for the year ended December 31, 2007, and have issued our report thereon dated August 15, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 10, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Haring Charter Township are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 2008.

Other Audit Findings or Issues

During the course of our audit of the basic financial statements of Haring Charter Township for the year ended December 31, 2007, we noted the following list of items which we feel deserve comment:

Budgeting

We noted that a budget had not been adopted for the Seneca Street Special Assessment fund. State law (PA 493 of 2000) requires that budgets be adopted for the General Fund and all special revenue funds. Additionally we noted that the adopted budgets did not include beginning and ending fund balance information. State law (PA 493 of 2000) requires that beginning and ending fund balance be included with the adopted budget. Further, we noted that the Fire Protection Fund budgeted for a deficit fund balance. State law (PA 493 of 2000) prohibits budgeting for a deficit fund balance.

Bank Reconcilements

We encourage the Township to reconcile bank accounts monthly. Any differences between bank and book balances should be adjusted in the treasurers and clerks records on a monthly basis. Many of the differences we found between book and bank balances were due to transfers between funds that were not recorded correctly.

Computerized Recordkeeping

In reviewing the Townships computerized records, we proposed numerous adjustments to the general ledger. We recommend that the clerk and treasurer balance records with each other on a monthly basis to insure that cash accounts reconcile.

Physical Controls over Assets

In the course of our inquiries we noted that the Township lacks controls over the keys to various parts of the Township hall. Most notably, the Township seems to be completely unaware as to who has access to the vault, the Clerk's office and the Treasurer's office. We recommend that the Township take immediate action to implement control over access to these parts of the Township hall where sensitive records are kept.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

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